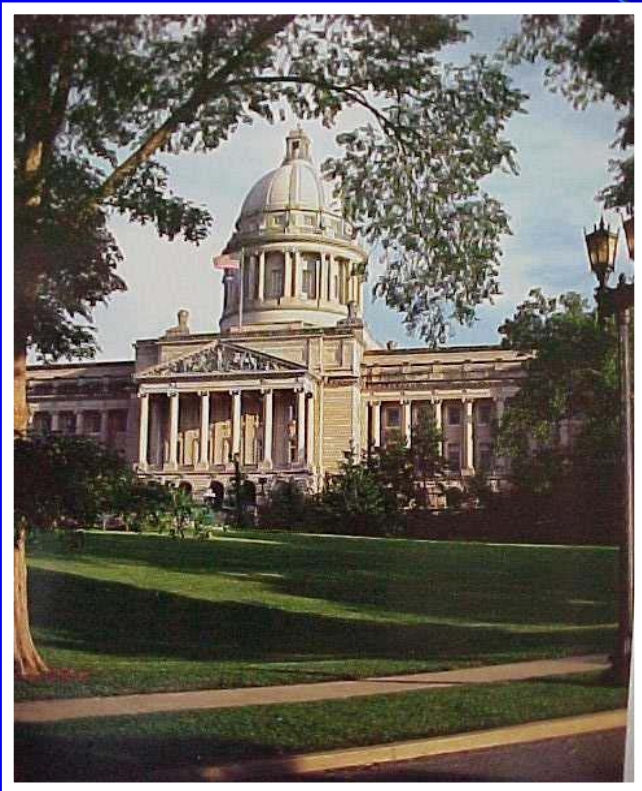


Employer's Annual Report of Earnings



KDE Workshops
May-June 2003

Employer Responsibilities

- **ACCURATELY REPORT THE EARNINGS OF EACH KTRS MEMBER**
 - Contributions submitted during year agree with annual report
 - Service credit is accurate
 - Retirement/Refund Applications agree with annual report
 - Membership applications have been submitted
 - Member's names and addresses are current
- **PROTECT VITAL MEMBER INFORMATION**
 - Consider purchasing encryption software to secure email

First, The Good News

- Simplified R-2 Report – We are not asking for breakdown of annual report contributions.
- Sick Leave Payments report is no longer required.
- Part-time report is no longer required.
- Not necessary to break out extra-service for employees who worked a full year.

Information Needed to Begin Annual Report

- Download annual report forms from KTRS Website – www.ktrs.org
- May 31 KTRS Escrow report
- List of Remittances after May 31
- List of employees who will not earn a full year of service credit

Members who will receive less than full year service credit

- Active – Part-time less than 100%
- Active – Substitutes
- Retirees – Part-time
- Retirees – Substitutes
- Late entrants
- Early retirement/resignations
- Docked days

Annual Report Steps

- Run accumulator report and balance totals to KTRS remittances
- Generate the KTRS Report in Munis
- Edit employee information
- Prepare R-2
- Prepare Form 30
- Transfer report via KYTransfer to KDE

Editing Employee Information on Annual Report

- Put “P” “H” “R” or “S” in Record Number Field
- Determine Days Paid
- Determine Contract Days
- Calculate Contract Salary
- Report sick leave payments with an “8” in the Record Number Field
- Report Extra Duties in a Second Record (or more if needed)

Extra Duty Reporting

- **EXTRA DUTIES REQUIRING CERTIFICATION:** Always report
- **EXTRA DUTIES NOT REQUIRING CERTIFICATION:** Report only if performed by an employee in a full-time or part-time contractual position.
- **FULL-TIME AND PART-TIME CONTRACTUAL:** Report extra duties
- **SUBSTITUTE AND PART-TIME NON-CONTRACTUAL:** Not reportable unless require certification

How to Convert Part-time Employment to Equivalent Full Days (Days Paid)

- If the person works a **standard fixed schedule** use the following formula:

Number of hours worked per day / hours in a full day x number of days worked = equivalent full days

Jane Doe worked 5 hours per day, 3 days per week for 20 weeks

$5 / 7.5 \times 60 \text{ days worked (3 days x 20 weeks)} = 40 \text{ equivalent full days}$

or

$5 \text{ hrs} \times 3 \text{ days} \times 20 \text{ weeks} = 300 \text{ hrs} / 7.5 \text{ per day} = 40 \text{ full days}$

How to Determine Equivalent Contract Salary for Part-time Employment

- If the person works part-time, use the following formula:

**Hourly rate X hours in a full day = (or) daily rate X
number of days in position (minimum 185)**

**Jane Doe earned \$10 an hour and worked 5 hours per day for 10
weeks and 3 hours per day for 5 weeks**

Jane's CONTRACT SALARY would be $\$10 \times 7.5 \times 185 = \$13,875$

● Part-time Contractual Teacher - partial year

- Teacher P was employed two hours per day. He was unable to complete the year and left after 100 days. His full-time salary would have been \$40,000.00. His actual creditable earnings were \$5,766.49. He was employed five days per week, two hours per day of a 7.5-hour workday or 26.67% (2/7.5).
 - Convert standard fixed schedule to equivalent full days
 - Equivalent full days worked = $(2/7.5) \times 100 = 26.67$
 - Salary Earned = $\$40,000/185 = 216.22 \times (2/7.5) = 57.66$ per day $\times 100 = \$5766.49$

SSN	Name	DRC	Contrib. Withheld	Days Paid	Contract Days	Contract Salary	Daily Dock Rate	Matching Contrib.	Matching Salary
123-45-6789	Teacher P	P	568.29	26.67	185	40000	216.22		



Exit

123-45-6789

Matching Contrib

568.29

**Original
Record
from Munis
– Days Paid
and salary
will be
incorrect**

- Action
- Gen
- Mag-Media
- R-2a
- X=Recalc
- Exit

Emp #
SSN

Last
123-45-6789

Part-time

First

Teacher

Record Number	P
Group	
Job	
Days Paid	26.67
Contract Days	185
Dock Rate	216.22
Late Entrant	
Salary	40,000
Emp Contribution	568.29
Matching Gross	
Matching Contrib	

Add "P" in
Record
Number
Field,
determine
Equivalent
Days Paid
and Change
Salary
Field

Substitute Teacher

- Report as employment type S (substitute) a teacher who is employed as a temporary replacement for a regular teacher, regardless of the length of employment or rate of pay. If the teacher receives two rates of pay, then two records are necessary to report the different pay types. Summer earnings are not reportable. **The only duties reportable for the substitute are those duties that, by law, require certification.**
- The number of days in the employment agreement should reflect the number of days in your school term. The total number of days paid includes every day, Monday through Friday, during which certified duties are performed. When reporting the total number of days paid, you must convert partial days into full-day equivalents. For example, if a substitute teacher worked two half days, the total number of days paid reported is one.

● Substitute Teacher - Paid at Two Rates and Non-certified Duties

- Teacher S worked as a substitute teacher while another teacher was on a leave of absence. District 100 pays its long-term substitutes \$60 per day for the first 20 days and \$115 per day thereafter. Teacher S worked 50 full days and was paid a total of \$4,650. Teacher S was also the class sponsor for which he was paid \$300
 - Contract Salary = \$60 x 185 = \$11100
 - Contract salary = \$115 x 185 = \$21275

SSN	Name	DRC	Contrib. Withheld	Days Worked	Contract Days	Contract Salary	Daily Dock Rate	Matching Contrib.	Matching Salary
123-45-6789	Teacher S	S	118.26	20	185	11100	60		
123-45-6789	Teacher S	2	340.00	30	185	21275	115.00		

- Action
- Gen
- Mag-Media
- R-2a
- X=Recalc
- Exit

Emp #
SSN

Last
123-45-6789

Substitute

First

Teacher

Record Number

Group

Job

Days Paid185

Contract Days185

Dock Rate

Late Entrant

Salary4,650.00

Emp Contribution458.26

Matching Gross

Matching Contrib

Original
Record
from Munis

- Action
- Gen
- Mag-Media
- R-2a
- X=Recalc
- Exit

Emp #		Last	Substitute	First	Teacher
SSN	123-45-6789				

Record Number	S
Group	
Job	
Days Paid	20
Contract Days	185
Dock Rate	60
Late Entrant	

Salary	11,100.00
Emp Contribution	118.26
Matching Gross	
Matching Contrib	

Break
record into
two records
for each
rate –
Record #1

- Action
- Gen
- Mag-Media
- R-2a
- X=Recalc
- Exit

Emp #		Last		Substitute		First		Teacher
SSN	123-45-6789							

Record Number	2
Group	
Job	
Days Paid	30
Contract Days	185
Dock Rate	115
Late Entrant	

Salary	21,275.00
Emp Contribution	340.00
Matching Gross	
Matching Contrib	

**Break
record into
two records
for each
rate –
Record #2**

Retired Reporting

- Effective July 1, 2002, retirees, who retiree on or before June 30, 2002, are able to return to work in a KTRS covered position in one of these four scenarios:
 - Waivers
 - 100-day employment
 - Part-time
 - Full-time.
- Retirees retiring after this date may not return to work as a 100-day employee.

● Retired Teacher Working under 100-day Contract Program

- Teacher R returned to work full time for 100 days. This example assumes the teacher works a full school day. This teacher also worked in the Extended School Program at \$2,000 and was the Key Club sponsor at \$300. These additional duties were performed on the same calendar days as the 100 days worked.

SSN	Name	DRC	Contrib. Withheld	Days Worked	Contract Days	Contract Salary	Daily Dock Rate	Matching Contrib.	Matching Salary
123-45-6789	Teacher R	R	1917.73	100	185	36000	194.59		
123-45-6789	Teacher R	2	226.66			2300			

- Since Teacher R was employed on a contractual basis; all extra duties are subject to KTRS contributions. This member would earn service credit of .54, which will be included in a second retirement account. After earning 5 years of service credit, the member would be eligible for another retirement annuity. **Note: If the extra duties were not performed in the same day, the member would have exceeded his 100 days limit and be subject to repayment.**

- Action
- Gen
- Mag-Media
- R-2a
- X=Recalc
- Exit

Emp #

Last

Retired

First

Teacher

SSN

123-45-6789

Record Number

Group

Job

Days Paid

Contract Days

Dock Rate

Late Entrant

Salary

Emp Contribution

Matching Gross

Matching Contrib

21,759

2,144.39

Original
Record
from Munis

- Action
- Gen
- Mag-Media
- R-2a
- X=Recalc
- Exit

Emp #

Last

Retired

First

Teacher

SSN

123-45-6789

Record Number

R

Group

Job

Days Paid

100

Contract Days

185

Dock Rate

194.59

Late Entrant

Salary

36,000.00

Emp Contribution

1917.73

Matching Gross

Matching Contrib

Break
record into
two records
- Record #1

KENTUCKY RETIREMENT F/M - 2003mr Test Database

Action

Gen

Mag-Media

R-2a

X=Recalc

Exit

Emp #

SSN

123-45-6789

Record Number

2

Group

Job

Days Paid

0

Contract Days

185

Dock Rate

Late Entrant

Salary

2,300.00

Emp Contribution

226.66

Matching Gross

Matching Contrib

Last

Retired

First

Teacher

Break record into two records - Record #2

● Retired Teacher Working under 100-day Contract Program

- Teacher P returned to work for 5 hours a day for 100 days. Teacher P earns \$25.95 per hour. Teacher P worked his 100-day limit which is reported on Form 30. However, the Annual Report of Earnings should be reported as follows:

SSN	Name	DRC	Contrib. Withheld	Days Worked	Contract Days	Contract Salary	Daily Dock Rate	Matching Contrib.	Matching Salary
123-45-6789	Teacher P	R	1278.69	67	185	36000	194.59		

- You should note that Form 30 requires you to report 100 days (the Teacher worked more that 3.5 hours for 100 days). The Annual Report of Earnings requires you to convert days paid to equivalent full days.

KENTUCKY RETIREMENT F/M - 2003mr Test Database

Action

Gen

Mag-Media

R-2a

X=Recalc

Exit

Emp #

SSN

123-45-6789

Last

Part-time Retired

First

Teacher

Record Number

Group

Job

Days Paid

Contract Days

Dock Rate

Late Entrant

Salary

Emp Contribution

Matching Gross

Matching Contrib

185

185

12,975.00

1,278.69

Original Record from Munis – Days paid and salary need to be changed

- Action
- Gen
- Mag-Media
- R-2a
- X=Recalc
- Exit

Emp #		Last	Part-time Retired	First	Teacher
SSN	123-45-6789				

Record Number	R
Group	
Job	
Days Paid	67
Contract Days	185
Dock Rate	194.59
Late Entrant	
Salary	36,000.00
Emp Contribution	1,278.69
Matching Gross	
Matching Contrib	

Input "R" in Record Number field, convert to Equivalent Days Paid, Change salary to Contract Salary

● Retired Teacher Working on a Part-time Basis

- Teacher J returns to work under the new KTRS law, which allows a member to work up to .69 of the normal days in the position that he is employed. Since the number of days in the position Teacher J is working is 185, the law limits Teacher J's days to 129. Teacher J can earn up to 75% of his last annual salary on a daily rate basis. Since Teacher J's last annual salary was \$50,000, his maximum daily rate is $\$37,500/185$ or \$202.70.

SSN	Name	DRC	Contrib. Withheld	Days Worked	Contract Days	Contract Salary	Daily Dock Rate	Matching Contrib.	Matching Salary
000-00-0000	Teacher J	R	2576.95	129	185	37500	202.70		

- Teacher J's maximum allowable earnings for the school year were calculated by determining his maximum daily rate and then multiplying that amount \$202.70 by .69 of the number of days in the position occupied ($185 \times .69$) or 129. His maximum allowable earnings for the year were then \$26,148.30. This member would also earn service credit of .69, which will be included in a second retirement account. After earning 5 years of service credit, the member would be eligible for another retirement annuity.

- Action
- Gen
- Mag-Media
- R-2a
- X=Recalc
- Exit

Emp #

SSN

123-45-6789

Last

J - Part-time Retired

First

Teacher

Record Number

Group

Job

Days Paid

185

Contract Days

185

Dock Rate

Late Entrant

Salary

26,148.30

Emp Contribution

2,576.95

Matching Gross

Matching Contrib

Original Record from Munis - Days paid and salary need to be changed

- Action
- Gen
- Mag-Media
- R-2a
- X=Recalc
- Exit

Emp #
SSN

123-45-6789

Last

J - Part-time
Retired

First

Teacher

Record Number	R
Group	
Job	
Days Paid	129
Contract Days	185
Dock Rate	202.70
Late Entrant	
Salary	37,500.00
Emp Contribution	2,576.95
Matching Gross	
Matching Contrib	

Input "R"
in Record
Number
field,
update
Days Paid,
Change
salary to
Contract
Salary

● Current Year Retired Teacher Returns to Work after Meeting Break-in-service Rule

- Teacher R retires effective November. He worked 60 days earning \$12,973.20 with contract salary of \$40,000. After meeting his 3-month break-in-service requirement, he returns to work with the same employer on a part-time basis working 4 hours per day for 50 days, earning \$19.95 per hour. Teacher R can earn up to 75% of his last annual salary on a daily rate basis. Since Teacher R's last annual salary was \$40,000, his maximum daily rate is \$30,000/185 or \$162.16 per day or \$21.62 per hour.

SSN	Name	DRC	Contrib. Withheld	Days Worked	Contract Days	Contract Salary	Daily Dock Rate	Matching Contrib.	Matching Salary
123-45-6789	Teacher R		1278.51	60	185	40000	216.21		
123-45-6789	Teacher R	R	393.21	26.5	185	27682	149.63		

KENTUCKY RETIREMENT F/M - 2003mr Test Database

Action

Gen

Mag-Media

R-2a

X=Recalc

Exit

Emp #

SSN

123-45-6789

Last

Retired

First

Teacher

Record Number

Group

Job

Days Paid

Contract Days

Dock Rate

Late Entrant

Salary

Emp Contribution

Matching Gross

Matching Contrib

185

185

16,963.20

1,671.72

Original Record from Munis

- Action
- Gen
- Mag-Media
- R-2a
- X=Recalc
- Exit

Emp #

Last

Retired

First

Teacher

SSN

123-45-6789

Record Number

Group

Job

Days Paid

Contract Days

Dock Rate

Late Entrant

60

185

216.21

Salary

Emp Contribution

Matching Gross

Matching Contrib

40,000.00

1,278.51

**Break
record into
two records
– Record #1
is service
before
retirement**

- Action
- Gen
- Mag-Media
- R-2a
- X=Recalc
- Exit

Emp #

Last

Retired

First

Teacher

SSN

123-45-6789

Record Number

R

Group

Job

Days Paid

26.5

Contract Days

185

Dock Rate

149.63

Late Entrant

Salary

27,682.00

Emp Contribution

393.21

Matching Gross

Matching Contrib

**Break
record into
two records
– Record #2
is service
after
retirement**

Annual Report Steps

- Run accumulator report and balance totals to KTRS remittances
- Generate the KTRS Report in Munis
- Edit employee information (Munis Support 800-722-4908)
- Prepare R-2
- Prepare Form 30 (800-618-1687 Steve Fouts)
- Transfer report via KYTransfer to KDE

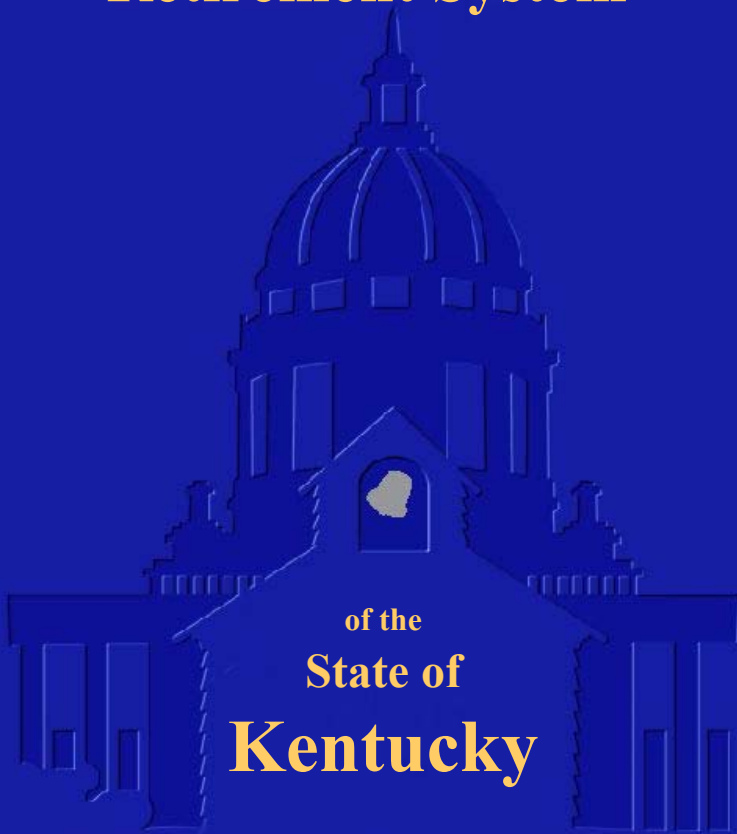
Additional Information

- Review Chapter 5 of KTRS Employer Manual for Examples of Reporting Members on the Annual Report.
- KTRS web site to contain Employer Manual, KTRS Annual Report Instructions and Forms, Remittance Forms and Calendars.
- Transfer the 2002-03 Annual Report to KTRS using the KYTransfer function in MUNIS.

Reminders for Next Year

- Critical Shortage Program – 1% of active employment. Actuarial contribution rate to be paid by employer is 4.81% effective July 1, 2003.
- Ensure retirees returning to work have completed retiree membership application.
- Verify retirees returning to work have the appropriate breaks in service.

**Teachers'
Retirement System**



of the
State of
Kentucky

***Our Members
Come First!***

Reach us at . . .

1/888/891-2696

502/848-8640

www.ktrs.org

We remain here to serve you!